

## **MHTC Responses to Blue Ribbon Panel Recommendations**

January 16, 2004

The Commission takes very seriously the recommendations of the Blue Ribbon Panel on Accountability, Credibility and Efficiency. We also thank the members of the Panel for their time and for their concern for the State of Missouri in an area that impacts every citizen each and every day. The Commission also appreciates the extra effort that Dr. Jack Magruder has put forth and the leadership he has demonstrated to help move our state forward.

The Commission, which appointed the Blue Ribbon Panel to seek out solutions to the public perception of the state's transportation department, has taken the recommendations to heart and has begun the process of addressing each and every recommendation.

This document will serve as the Commission's response and initial action plan(s). It should be noted that the recommendations are far reaching and will not be achieved overnight.

### ***ACCOUNTABILITY***

***Blue Ribbon Panel recommendation #1: The Commission must be more visible and more assertive in providing leadership to MoDOT and the state as a whole on transportation issues, in accepting accountability for the resolution of the current credibility crisis, and in building coalitions among political leaders and interest groups to resolve the state's transportation problems. Although the independent commission form of governance for transportation has served Missouri well for many years, continuation of the present situation is likely to result in sufficient frustration that either citizen or legislative initiatives to significantly modify or abolish the Commission could emerge unless current problems are resolved.***

**COMMISSION RESPONSE:** The Commission agrees and this process of visibility and accessibility has begun. The Legislature, with the support of the Commission, has instituted formal meetings before the Joint Committee on Transportation. The Legislature also has established a "State of Transportation" address to be given to the entire House and Senate each year. The Commissioners will be present during the address and will visit with the members of the Legislature throughout the day as well as during the legislative session. To establish an open dialogue between MoDOT and the general public, the leadership staff, both at the central office and local offices, have made themselves available to citizen groups, civic organizations and business and labor units. The Commission will be changing some of its meeting dates to accommodate the Legislative session and will make every effort to provide the leadership necessary to build the coalitions among various interests, both public and private, to resolve the state's transportation issues.

***Blue Ribbon Panel recommendation #2: The Commission should substantively change the culture of MoDOT by reorganizing top management; by seeking managers who have the vision to develop a strategic perspective for improving Missouri's transportation system; by redirecting staff efforts to the implementation of the Commission's strategic vision; by streamlining the MoDOT bureaucracy and pushing as many decisions as possible down to the district level; and by clarifying the role and relationships of the central office and the district***

*offices to ensure that a statewide transportation improvement strategy exists and that it is implemented appropriately at the district level. The objective of this reorganization should be to provide the public and elected officials with clear evidence that “a new day has dawned at MoDOT” and that the organization in both appearance and reality is capable of producing a robust transportation system that is responsive to the state’s needs.*

**COMMISSION RESPONSE:** The Commission agrees and, in fact, many changes have already taken place at MoDOT over the past few years. The current director, who has led the Department through some tumultuous times, has announced his resignation and the Commission has accepted it.

Over the past six years, the Department has experienced much reorganization, some mandated by statute and some by necessity to achieve greater accountability. With this ongoing improvement plan now in place, the Department has initiated strategic planning and performance measurements. These are relatively new, but early indications are positive in nature.

The Commission believes in running the Department like a business. Besides the strategic planning and performance measurements mentioned above, the Department has also begun improvement reviews, peer reviews and inter-agency information sharing. This “new day”, suggested by the Blue Ribbon Panel, will include adopting new technologies, working very closely with federal, other state, and local entities to facilitate projects and to provide the district offices the latitude they need to make decisions based upon their individual needs, goals and priorities.

Over the past year \$2 million has been saved in the area of administrative expenses. Those savings were permanently shifted to the construction program. The refinancing of a lease/purchase contract resulted in an additional annual savings of \$1 million. This amount was reinvested to satisfy outstanding fleet needs. Prior to merging Motor Carriers Service and Highway Safety with MoDOT, the Department had reduced its staff by 282 employees. Even with the additional 120 Motor Carriers and Highway Safety employees, MoDOT is still projected to have 162 fewer salaried employees as of December 31, 2003, than it had on June 30, 2001. Currently there are 147 authorized vacancies at MoDOT. While the rest of state government has grown, MoDOT has actually gotten smaller and more efficient and efforts are continuing to get even “leaner” without compromising quality or safety.

The Commission can see the beginning of “a new day dawning” and will emphasize this factor as the search for a new director begins.

***Blue Ribbon Panel recommendation #3: Although it is important that MoDOT retain a strong internal audit function, it is recommended that the Commission support the concept of an independent Office of Inspector General to provide assurance to the public and elected officials that accountability and credibility are top priorities of the agency. While the new legislation to establish an OIG function as part of the Joint Committee on Transportation Oversight should be given an opportunity to succeed, it is further recommended that the Commission work with the General Assembly and the Governor to explore the possibility of locating the OIG function in either the Auditor’s Office or the Attorney General’s Office which have the resources and professional investigative culture to support such a role.***

**COMMISSION RESPONSE:** The Commission feels that this recommendation is the exclusive purview of the Legislature. However, the Commission will cooperate in every way to see that the Department does whatever is necessary to produce a level of comfort for the citizens of Missouri and that every reasonable effort is being made to achieve maximum scrutiny and accountability. The Commission feels very strongly that the taxpayers' dollars must be spent as effectively and efficiently as possible and welcomes any and all examinations and inspections. We will be one of the first state Department of Transportations to institute an Office of Inspector General, and the Commission will be looking to transfer that responsibility to the legislative oversight folks and to cooperate in every way. The Commission notes that a strong internal audit function will continue in the Department and personnel are in place to accomplish this objective.

### **CREDIBILITY**

***Blue Ribbon Panel recommendation #4: Although the 1992 Plan was flawed from its inception, the Commission should acknowledge publicly that the 1998 decision to suspend the 1992 plan was a breach of the public's trust that will not occur again. In addition, consistent with contemporary statewide needs and funding availability, unfinished 1992 projects should be one component of [and that the projects outlined in the 1992 plan are a part of] the Commission's vision of the future for transportation in Missouri. To paraphrase one of the consultants to the Blue Ribbon Panel, the Commission should make unequivocally clear that while it cannot change history, it is dedicated to affecting the future in very positive ways.***

**COMMISSION RESPONSE:** The Commission understands very well the quandary in which it finds itself. The "1992 15-Year Plan" was flawed from the beginning. Previous Commissioners have tried to correct the past but "it is what it is" and the current Commissioners, who were not on the Commission in 1992, cannot go back and change history. We can, however, do our best to make it very clear that we now schedule projects on a more manageable time frame --five-year statewide transportation improvement plans (STIP) – which have shown remarkable accuracy. We do not promise any project that can't be delivered and promise that those days will never occur again. The Commission (MHTC) cannot change history; we cannot undo what happened 12 years ago; but we can and we will promise the Blue Ribbon Panel and the citizens of Missouri the following:

What happened in 1992 was a mistake and we are sorry that it happened, but we must look forward, not backward. We use the projects from 1992 as the major portion of our basis for planning and further we continue to address emerging needs and emergencies. This Commission will continue to look to the future to make our transportation system better. It is now time that the citizens of Missouri join with us and begin to move forward together . . . our transportation future and the future of our state is at stake.

Attached is "Exhibit A" which is the Commission's formal adopted answer to this recommendation.

***Blue Ribbon Panel recommendation #5: The Commission and MoDOT should as soon as possible develop and adopt a new practical, strategic, intermodal transportation plan (known***

*officially as a “Long-range Transportation Plan”) for Missouri that reflects the state’s current priorities and future needs for a vibrant, responsive transportation system, particularly in terms of safety, mobility, tourism, and economic development.*

**COMMISSION RESPONSE:** The Commission agrees. The Department’s current plan is actually called a Long Range Transportation Direction and has been developed to address needs and priorities. It is and has been most recently developed through a great deal of public outreach to stakeholders and interested parties. The Department is well on its way to developing a Planning Framework for Transportation Decision Making which is a positive and inclusive step.

The Commission wants the Blue Ribbon Panel to know that great strides are being made in this area. We will continue these efforts in an aggressive manner; however, we acknowledge that there is always room for improvement. Also, the Commission agrees that, once defined, the Department’s vision needs to be articulated much more clearly, and we will be working in that direction in the very near future.

And finally, the membership on the Commission believes very strongly in a total transportation plan for the Department. It should be emphasized that the Constitution and the appropriations process often dictate our ability to enhance areas outside of the road and bridge program. We stand ready to support any and all changes necessary to expand our transportation capability and diversity.

***Blue Ribbon Panel recommendation #6: In active cooperation with the Governor and the General Assembly, it is recommended that the Commission should develop a plan to address the problem of diversion of highway user fees from their intended purpose – highway construction and maintenance:***

- a. in the short term, seek Constitutional and statutory authority to determine a fair value for the administrative services performed by other state agencies for MoDOT and prohibit additional charges to the State Highways and Transportation Fund as compensation to any state agency, including Constitutionally mandated ones, for the services they render in support of MoDOT or the traveling public; and*
- b. in the longer term, work closely with the Governor and the General Assembly to ensure that all highway user funds are expended only for highway construction while providing a reliable funding stream for the Highway Patrol.*

**COMMISSION RESPONSE:** The Commission agrees wholeheartedly and has provided as much detail as possible to the Legislative and Executive decision makers in this area so that they could address the diversion issues.

We have made the decision to provide data as requested rather than blame others because the Commission understands and is sensitive to the current financial crisis in which the state finds itself. We also know that there are substantial amounts of highway dollars going to other agencies. With this in mind, we will formally ask the State Auditor for an accurate accounting of the highway dollars expended by other agencies.

***Blue Ribbon Panel recommendation #7: As soon as practical the Commission should develop an allocation method for highway construction funds that is driven by strategic, statewide needs and priorities as well as actual road and bridge conditions and safety requirements that minimizes a mechanical distribution of funds by district, and that considers all sources of funds – state, unrestricted federal, and suballocated federal dollars.***

**COMMISSION RESPONSE:** Again, the Commission agrees. Ten months ago, the Commission adopted an allocation method for highway construction funds based on a number of factors. This allocation method is under constant review and is to be revised or readopted at least every two years. Some of the factors used in this allocation method are as follows: population, economic development, miles of road, footage of bridge deck, condition of pavement, safety, interstate system miles and others.

Since that decision, more dollars are being spent on the preservation of our current system to minimize deterioration. This is a challenge to further road and bridge expansion, but new dollars will help in this area. For the first time in many years, the conditions of our roads AND bridges should begin to slowly improve.

This new method of allocation has been criticized by some interest groups who consider themselves “losers” from previous plans, but the Commission feels that as long as the criteria is justifiable and the need is identifiable, the new allocation methods are the best at this time. Ongoing efforts are being made to define “needs”.

The Commission assures the Blue Ribbon Panel and the public that an ongoing review process is in place and that the allocation method will continue to be a Commission top priority agenda item.

***Blue Ribbon Panel recommendation #8: It is recommended that the Commission should develop on an expedited basis an integrated, coordinated statewide communications plan that ensures Headquarters and district public information staff are working together to educate the public and MoDOT staff themselves about the activities of the agency to provide the taxpayers with high-quality services. This plan must go beyond in-house newsletters and public relations press releases; the goal should be to establish a MoDOT “brand” based on hard facts and real achievement – not hype – that connotes quality performance, good stewardship of resources, and responsiveness to the public.***

**COMMISSION RESPONSE:** The Commission will charge the new director with this recommendation. We understand the importance of good and open communication, not just with the public but intra-Department as well.

A complete review of the Department’s communication plans is currently underway. The Commission awaits this evaluation and will act accordingly. The Commission will continue to make sure that communication with the Legislative and Executive branches remains open, that the district offices are kept informed of what is going on in Missouri and across the nation, and that funds are spent judiciously in this area and that all savings are reinvested in the construction program without jeopardizing the public’s educational needs.

***Blue Ribbon Panel recommendation #9: Based on the assumption that credibility begins at home, it is recommended that as a first step toward restoring staff morale and confidence in agency leadership, the Commission should release to the staff as soon as possible the findings contained in its long-delayed job study and, subject to concurrence from the Governor's Office and legislative leaders, implement on a phased basis the salary equity adjustments identified in the study.***

**COMMISSION RESPONSE:** The Commission has been discussing this issue with the Department and the Commission Compensation Subcommittee. Efforts are being made internally to move forward in this area with the understanding of the financial challenges that the state faces.

### ***EFFICIENCY***

***Blue Ribbon Panel recommendation #10: It is recommended that the Commission periodically solicit the advice and expertise of outside consultants to help ensure that MoDOT's policies and practices reflect "best practices" in the industry.***

**COMMISSION RESPONSE:** Currently the Department is undergoing internal peer reviews and is also a member of certain national organizations that help look at DOT "best practices". In fact, MoDOT has been recently honored with a number of national awards which staff is very proud of, and should be.

The Commission agrees with the Blue Ribbon Panel that this is an ongoing process. The Department is mirroring the Baldrige model in many areas and is encouraged in that vein by the Commission. The Department's Right-of-Way unit has an effective evaluation process and improvement plan in place and is an example for all.

The Commission will follow through on this recommendation and supports any and all efforts to make the Department as efficient as possible.

***Blue Ribbon Panel recommendation #11: It is recommended that the Commission pursue legislative and Constitutional changes as well as policy changes that would enhance its overall efficiency, its credibility, or provide new funding options for transportation development, e.g.,***

- a. permit the collection of tolls on new Missouri bridges and roads as well as substantially reconstructed interstate highways;***
- b. use general revenue funds and/or tourism funds to support and enhance rest areas on interstate highways and other major roads;***
- c. ensure a proper accounting of all MoDOT-owned properties, including the designation and disposal of any surplus property that may no longer be needed;***
- d. without compromising Missouri's commitment to the environment, work with state and federal officials to reduce the delays and cost of the various impact statements presently required for transportation construction projects; and***
- e. limit the liability exposure of agency employees in work-related civil suits.***

**COMMISSION RESPONSE:** The Commission agrees and will try to enumerate our efforts to date as follows:

- a. The Commission has a legislative subcommittee which works with staff and members of the Legislature to identify issues and push for Constitutional and legislative changes that will benefit the state transportation system. Enclosed is “Exhibit B” which is the Commission approved legislative proposals for the 2004 session. More funding, although not specifically enumerated, is always at the top of our list and perhaps the Commission needs to be more aggressive in this area. To date, we have only provided information to the Legislature upon request.
- b. The Department has been making overtures to the Division of Tourism and the Department of Conservation, as well as other agencies, and will continue to do so.
- c. The Commission has instructed the Department to begin to aggressively dispose of all surplus property. In the past few years, the legal teams and appraisal staff had been working on the acquisition of new ground while the bond projects accelerated so many construction projects. This is no longer the case and the Commission agrees with the Blue Ribbon Panel that the properties should be identified, assessed and disposed of if not needed for future expansion.
- d. Reducing the delays and cost of impact statements required for transportation projects is a priority within the Department. We hope that the pending federal changes can continue to minimize delays.
- e. We have shared the issue of liability exposure of agency employees in work-related suits with the Legislature in order that they might review statutory changes. The Department has a number of safety programs, classes, and training opportunities in place and continually looks for ways to reduce claims.

***Blue Ribbon Panel recommendation #12: It is recommended that the Commission proceed with caution as it explores possibilities for closing maintenance sheds, retiring rest stops, or returning certain lettered routes to local authorities to avoid creating another round of accusations that MoDOT is once again breaking its promises to the public. In addition, similar caution should be used in taking over additional mileage from local entities. Any future actions of these types should be based on a clearly articulated plan for highway maintenance that balances the needs of the traveling public with the perceived financial benefits.***

**COMMISSION RESPONSE:** The Commission agrees and will proceed with caution in all these areas because of the sensitive issues involved. The Commission does believe that the dialogue needs to take place and that all positive and negative concerns need to be laid on the table. These are just some of the many issues and areas that may have an impact, and the Commission is committed to working towards consensus solutions. The days of closed-door decision making are over at MoDOT.

## **CLOSING STATEMENT:**

The Commission appreciates the opportunity to address the Blue Ribbon Panel's Recommendations. It is the Commission's hope that the citizens truly understand that Missouri's future economic vitality depends on the quality of its transportation system. The Commission further hopes that the citizens also come to understand that indeed "a new day has dawned" at MoDOT and that every effort is being made to make sure their tax dollars are being expended as efficiently as possible.

The Commission assumes the leadership and responsibility and many challenges necessary to move the transportation Department forward . More changes will come and efforts to improve the system will be continuous.

However, we cannot do this alone . It will take the cooperative efforts of the executive and legislative branches of government, the continued support of community leaders, and the citizens of this state.

Every concerned citizen should know that:

- Missouri maintains over 32,000 miles of road -- 7<sup>th</sup> largest in the nation.
- Missouri has over 10,000 bridges—one of the largest totals in the nation.
- Missouri ranks 44<sup>th</sup> among the 50 states in revenue per mile.
- Missouri citizens spend many dollars in repairs and wasted time because of congestion and deferred maintenance.
- Our state is at the crossroads of the country and has an economic opportunity second to none, and we shouldn't let it pass.

We want to make life better, but MoDOT cannot do it alone. We welcome and invite the help of all citizens to join us as this new day dawns at MoDOT.



## Exhibit A

### ***Apology***

We [the Commission] sincerely apologize for our inability to complete the 1992 Plan as originally proposed. We have learned from that experience, and we believe that limiting our project specific planning to five years and continuing the oversight measures that were put in place as a result of the 1992 Plan will allow us to move forward constructively and in a positive manner.

## Exhibit B

### MHTC 2004 Legislative Priorities

1. Revenue:
  - a. Toll Facilities— Proposal to give MHTC/MoDOT the constitutional and statutory authority to expend state road fund monies to build and maintain toll facilities.
2. Safety
  - a. Open Container—Proposal to prohibit possession and consumption of open containers of alcohol in most vehicles on state highways and right-of-ways, or in the alternative, amend the statute to require General Revenue Funds be used to replace any federal highway construction funds transferred as a result of the failure to pass a compliant open container law.
  - b. Primary Seat Belt Enforcement—Proposal to allow law enforcement officers to stop drivers for failing to wear their seatbelts.
  - c. Certified Police Reports—Proposal to allow law enforcement officers to submit certified DWI reports rather than notarized DWI reports.
3. Efficiency
  - a. Staggered Registrations—Proposal to allow motor carriers to choose to register their vehicles in one of four quarters of the year rather than the last quarter of the year.
  - b. Automobile Liability Insurance—Proposal to allow MoDOT to insure its leased vehicles through the department's self-insurance plan or bid the insurance out rather than be required to purchase insurance through the leasing agency.
4. Other
  - a. Motor Carrier Name Change Cleanup—Proposal to clean up language referring to the Motor Carrier group as it relates to its transfer to MoDOT under the One Stop legislation.
  - b. Railroad Name Change Cleanup—Proposal to clean up language referring to the Railroad group as it relates to its transfer to MoDOT under the One Stop legislation.
  - c. Highway Safety Name Change Cleanup—Proposal to clean up language referring to the highway Safety group as it relates to its transfer to MoDOT.
  - d. One Stop Cleanup—Proposal to make several changes to laws that relate to Motor Carriers. This proposal will be a product of a cooperative effort with industry.
  - e. Tort Reform—Proposal to address three issues: exclusive remedy, joint and several liability and the one percent comparative fault for seat belt use.
  - f. Airport Protection Act—Proposal to require a permit for tall structures near airports.